



Lance Robbins
Urban Smart Growth - Colt
140 Huyshope Avenue
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Finance, Revenue and Bonding Committee

Attn: The Honorable Eileen M. Daily
Co-Chair
The Honorable Cameron C. Staples
Co-Chair
Room 3700, Legislative Office Building
Hartford, CT 06106
Phone: 860-240-0460

RE: Raised Bill No. 933 – Repeal of Sec. 2, Subsection (b) of section 10-416a of the general statutes – Negative impact to the Colt Gateway Project

I am writing this letter to express my concern over the proposed suspension of the Connecticut historic tax credits for income years 2009 and 2010. My development company, Urban Smart Growth, currently has a management agreement for the redevelopment of Colt Gateway South and East Armories. This agreement will allow the recapitalization of the Colt Gateway campus with financial backing from the tax credit purchaser, Chevron TCI. The Colt Gateway development project is an integral part of the Coltsville National Landmark, which, with continued public support, will become a National Park. Per the Coltsville National Park Visitors Experience Study, commissioned by the National Park Service, the museum will be situated under the dome on several floors of the East Armory. The Colt Gateway development, the Coltsville National Park, and the museum will all bring jobs and prosperity to Connecticut.

The 627,555-square-foot Colt Gateway property features 10 distinct buildings all being restored to the National Park Service (NPS) standards. The economic impact of the Colt development is substantial and includes the following: Over 10 million dollars of new capital equity, to be leveraged with additional bank financing, when available; the current negotiation of a lease for over 100,000 square feet of office space which will preserve over 700 local jobs for Connecticut; a total project cost approaching 100 million dollars, the remediation of a significant amount of oil, lead and other Brownfield contaminants,

the protection of the Connecticut River from pollution by these contaminants, and establishing a historic heartbeat for the City of Hartford and the State of Connecticut.

The suspension of the Connecticut State Historic Tax Credit Program has tremendous implications on the Colt Gateway development. The immediate concern is that the two insurance companies who purchased the state historic tax credit reservations from the previous developer, with the expectation of tax credits in 2009, will have to wait two years for their tax credits. This could create an additional two million dollar burden to an already challenged recapitalization plan. Furthermore, this suspension could delay the East Armory development. We plan on submitting the East Armory under the Historic Preservation Tax Credit Program. These credits are essential to the sources required to develop this important historic landmark into a thriving mixed-use community. In this uncertain economic climate, the state historic tax credits help to bridge the growing gap between the availability of private equity and the high cost of the renovation of a building like the East Armory.

Urban Smart Growth (USG) is a redevelopment company in the business of creating dynamic residential and mixed-use communities. USG's specialty is the rehabilitation of historic buildings, utilizing state and federal historic tax credits to leverage private loan funds.

We recognize the inherent value that historic properties have to their surrounding communities and believe that a building's first life need not be its last, nor its grandest. Each generation sees a particular historic property in a different light; our goal is to ensure that the distressed properties we purchase and renovate are viewed by their community with equal importance as the generations that built it. We do this, first, by preserving the historic characteristics of the building both architecturally and also with respect to the building's immediate surroundings. Secondly, and just as importantly, all of our developments are designed to facilitate community interaction, both among those occupying the building either as residents or as commercial tenants, and by those in the community at large. We do this by leveraging the sense of place already present in our historic buildings. Proper attention to design, recruitment and placement of complementing tenants, and community events capitalize on the innate character of the buildings to create vibrant community assets.

The vision for Colt is quite similar to that we developed and experienced at the Hope Artiste Village in Pawtucket Rhode Island. Hope was the largest facility in the world manufacturing industrial belts (as could have been used at Colt), and is similar in size to Colt. With the critical infusion of state tax credits we transformed Hope into a literal village of artisan industrialists (bakery, sculptors, tattoo artists, photographers, furniture makers), physical arts (tai chi, ultimate fighting, yoga, Pilates and pole dancing), bar/restaurants/music (ranging from "Cheers" to Cape Verdean), office (psychotherapists, communication and technology) and live/work (including Freudian analysts, Harvard art professor, and Red Bull marketing) in some 600,000 feet of former industrial space. We have brought over 200 jobs back to Pawtucket, and are still growing rapidly in this challenged economy. Hope acts as a cultural gathering point in its hosting

the northern Rhode Island farmer's market, with approximately 2000 local patrons visiting every Saturday in the midst of music, homegrown and homemade foods, and local crafts. Over the past 3 years Hope has hosted concerts in the courtyard, open houses and open studio events, which have consistently drawn over 1,000 attendees. We were fortunate to have the Rhode Island Arts and Business Council hold its annual Encore Awards gala event at the mill in 2007. We also host in our retail center, games and booksellers, local artists and other eclectic crafts and wares. Essentially we have created a locally based artistic, crafts and eclectic business and cultural gathering center for the creative of northern Rhode Island. We hope to do the same for Hartford and Connecticut at Colt.

However, to attract capital, particularly in these challenging times, the key is to establish and maintain credibility and reduce risk. The level of public support for Colt is remarkable, both from the governmental economic and regulatory environments and the outpouring popular support among the historic and artistic communities we have reached out to. However, the investment community first and foremost needs dependability and certainty. To suspend or delay the delivery of credits that have been paid for, earned and are set for 2009 delivery for 2008 expenditures is to undermine the reliability of the state as a partner in these endeavors. We faced these same hard choices in Rhode Island last year, and managed to deliver 5/6ths of what had been promised and to finance the future delivery based on bonds the revenue for which was demonstrably supplied by the economic activity the credits generated. I don't know that a study similar to that undertaken by Smart Growth Rhode Island has been done in Connecticut, but the study there showed that the thirty percent unlimited credit there generated close to or more tax revenues than it cost. Given the more targeted and controlled expenditures of the Connecticut tax credit program I would surmise the impact and incremental revenue to the state and local governments matches or exceeds that in Rhode Island.

Please carefully consider the complete economic impact of the proposed suspension of the Connecticut historic tax credits. The State and City stand to lose millions of dollars and hundreds of jobs at the Colt Gateway project alone. If the tax credit program is allowed to continue without interruption, it will generate growth, development, jobs and ultimately a net increase in state revenue.

Thank you very much for your consideration of this matter.

Sincerely,



Lance Robbins, Principal
Urban Smart Growth, Colt